

## **Senate Committee on Rules and Administration Hearing**

### **Testimony**

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**Member, Governance Committee**  
**Board of Regents**  
**Smithsonian Institution**

**June 26, 2007**

Madame Chairman, Senator Bennett and distinguished Members of the Committee:

Let me start by saying that it is an honor to represent an historical institution like the Smithsonian, well-regarded as a National Treasure, before my esteemed colleagues. Although I am a new member of the Smithsonian Board of Regents, I was asked to be part of the newly-formed Governance Committee because of my experience inside the federal government as an elected and appointed official. I accepted this position during a difficult period in the Smithsonian's history because I have experience on numerous non-profit boards, ranging from public television in Sacramento to the Meridian International Center, and from the Woodrow Wilson Center to the Arena Stage. As such, joining the Smithsonian Board of Regents—and especially its Governance Committee—was an exciting step for me. I soon found out that it was to be a challenging one as well.

The purpose of our Committee was to review the Smithsonian Institution's governance model, compare it to best practices of similar institutions, and provide recommendations based on the shortcomings we discovered. The Governance Committee utilized every available resource both from within the Institution and outside. We inspected the Smithsonian's policies and management from top to bottom.

Throughout this process, the Board of Regents has been informed by leaders and experts in the non-profit sector. One of these outside advisors is fond of quoting Charles Kettering, who said, "Problems are the price of progress. Don't bring me anything but trouble. Good news weakens me." The Governance Committee has tried to embody this principle of full and honest disclosure and fact-finding in all that we have done. We were not formed to compliment the Smithsonian on its successes, which are considerable. We were tasked with highlighting areas where the Smithsonian must improve, and I believe that we did so in a rigorous and focused way.

Let me say a few more words about the origins and nature of the Governance Committee's work over these past 12 weeks.

Even before Secretary Small resigned in March, the Board of Regents had decided to conduct both an internal and external review of the Board and of the Smithsonian Institution's management in general. The Governance Committee, chaired by Patty Stonesifer, and the Independent Review Committee (IRC), chaired by Chuck Bowsher

and joined by Stephen D. Potts and A.W. “Pete” Smith, were charged with this investigative review responsibility.

During twelve weeks of extensive fact-finding, discussion, and deliberation, the Governance Committee scrutinized the inner workings of the Regents and their oversight function at the Smithsonian. We set up an aggressive weekly schedule, often meeting two to four hours at a time. And in addition to these meetings, we each spent countless hours reviewing documents and materials on best practices, landscape analysis of comparable institutions, and current Smithsonian policies.

These three months of intense effort culminated in twenty-five recommendations. In our opinion, each recommendation is a critical part of our comprehensive plan to revitalize and reform the Smithsonian’s Board and senior management to ensure effective oversight, accountability and transparency.

When the Board adopted the Governance Committee’s recommendations, by definition it adopted guiding principles that will strengthen the Smithsonian for the future. The Institution will operate as a public trust, follow only the highest ethical standards, and conduct its business with an increased ethos of transparency. Additionally, the Board adopted Regent job descriptions, instituted direct reporting relationships for the Inspector General, Chief Financial Officer and General Counsel, and launched a new public website.

Allow me to take a moment to list several key Governance Committee proposals explicitly, most of which have already been implemented:

- Our report recommends creating guidelines to establish a unified federal and trust executive compensation system.
- We have also urged the Institution to adopt a new policy that prohibits senior staff from serving on corporate boards.
- We have recommended that the Smithsonian follow the Freedom of Information Act.
- Other changes include adopting a Smithsonian-wide leave policy, and strengthening direct access to the Regents for the Institution’s “gate-keepers:” the Inspector General, the General Counsel, and the Chief Financial Officer.
- We have also recommended that the Smithsonian convene a public forum each year, so that the Board of Regents can hear from the public and from employees. This will ensure direct access to the Regents.

Let me emphasize that these recommendations are just the beginning of a long and involved reform process for the Smithsonian. We on the Governance Committee view our report as a blueprint for future action, with an aggressive completion date of January

2008. We expect the Institution to move quickly to implement our policy changes, and the Independent Review Committee has also ratified this timeframe for future action.

The Governance Committee has not simply created a list for the rest of the Institution to follow, however. We hold ourselves accountable as well, and we have already created an agenda for implementing some of our own recommendations that require further action on our part. The Governance Committee will review Board composition and size, executive compensation, and the Board's Committees and Charters. We will undertake a full audit of Secretary Small's expenses, we will examine the resources allocated to the Office of the General Counsel and to the Inspector General, and we will analyze criteria for making future nominations to the Board. Reforming an integrated and complex organization, especially one as central to our Nation's historical and cultural identity as the Smithsonian, requires commitment from all parties, and the Governance Committee is a willing partner in the process of overhauling the way the Smithsonian functions.

On a more specific note, I would like to take a moment to discuss our future plans for reviewing the composition of the Board of Regents. Few topics are as critical as this one to the Smithsonian's future viability, for the Board makes many of the critical decisions that govern the Institution's operations.

With this in mind, the Governance Committee has made Board composition our number one priority as we move forward with our recommendations. During our deliberations, members of the Committee engaged in extensive and focused discussions surrounding this issue. Based on best practice guidelines of other comparable organizations, we determined that an in-depth review of the Board's size and structure was necessary. We believe that this review should include: a thorough analysis of the history and purpose of the current structure; consideration of best practices of similar institutions; and consultation with stakeholders.

In our report, we also outline other key Board composition issues that must be resolved. The size of the Board itself must be examined, as must the makeup and function of the Smithsonian's Executive Committee. We believe that the role for the representatives of our three branches of government should be thoroughly reviewed, and that we should also take a good look at the Smithsonian's underlying committee structure. Hard decisions will have to be made concerning the number of Citizen Regents the Smithsonian should have, as well as what the roles of the Chancellor and Board Chair should be.

Of these topics, perhaps none is as important to me as that of the role of the federal government in the Smithsonian's governing structure. The Smithsonian was established as a public trust, endowed to the United States of America. Congress put representatives from all three branches of government on the Board of Regents, as overseers of the public trust and to ensure that the interests of American taxpayers were best represented.

There is an important and vital role for Congressional Regents to play within the Smithsonian. The Independent Review Committee has found this to be true as well.

Members of Congress have a near-exclusive and in-depth knowledge of the Budget and Appropriations process, which funds more than half of the Smithsonian's operations. In addition, we are each sworn to uphold the public trust in all that we do. This commitment to the public is the same ethic that drives the very nature of the Smithsonian Institution. Members of Congress are a natural partner in ensuring that the Institution fulfills its responsibility to educate, inform, and inspire in a manner consistent with the values that all Americans hold dear.

As a Congressional Regent, I consider it an honor and part of my public service to do all that I can to ensure that the Smithsonian functions in the most effective way possible. Quite honestly, I treat this every bit as seriously as I do my Congressional Committee assignments. I serve on the Smithsonian Board of Regents because it is a personal and public priority of mine. I know for a fact that all of my fellow Board members do and feel the same.

I also believe that having the Chief Justice and Vice President on the Board is critical. Having these offices sit on the Board serves an historical and symbolic purpose, and it is undeniable that they contribute to the Smithsonian.

The Board, however, does acknowledge that balancing such high-profile day jobs with the increasing needs of governing such a sprawling and complex public institution is a difficult task. As a result, we are reviewing the roles of Congressional Regents, the Chief Justice, and the Vice President as they pertain to the Smithsonian's Board of Regents.

We have already taken action on this account. As a first step, we divided the role of Chancellor and Chair of the Board. This allows the Chief Justice to continue presiding as Chancellor. The newly-created Chair of the Board will preside in the Chief Justice's absence, and will assist with setting the agenda and handling the Board's day-to-day oversight responsibilities.

We are also looking at consulting outside experts to inform the Board of Regents in their deliberations. Options for additional expertise include: adding more Citizen Regents; asking non-Regents to serve on our Committees, as we did with Diana Aviv, president and CEO of the Independent Sector; or more fully utilizing the National Advisory Boards.

Madame Chairman and Senator Bennett, allow me to conclude my remarks with these thoughts.

The Smithsonian and its Board of Regents play a unique role in preserving the rich history and culture of America. I know that I speak for the Governance Committee as a whole when I say that we are aware of how much is at stake right now for the Smithsonian. Nonetheless, I join with my colleagues in saying how proud I am to be part of the Governance Committee and the Board of Regents during this challenging time. I have no doubt that the Smithsonian will emerge from this transformational period as a more accountable, more responsive, and more transparent organization, and I thank you

for the trust you have placed in the Governance Committee to help speed this process along.

We are swiftly taking the necessary steps to create a better governing board that follows best federal and non-profit practices, guided by high ethical standards and a commitment to transparency and accountability.

When James Smithson drew up his will in 1829, he left his estate to the United States with one caveat: that it be used for the increase and diffusion of knowledge. No matter what the difficulties of the Smithsonian have been in the past, the Institution remains committed to this over-arching goal. Our objective on the Governance Committee and with this report is to preserve and promote the Smithsonian's mission in the 21<sup>st</sup> century. The millions of people who visit Smithsonian museums every day from all over the world are grateful for its contributions to our society. I am confident that implementing these recommendations will enable the world's foremost historical and cultural archive to continue providing this invaluable service to the world's curious minds, and I hope that you will join me in helping to strengthen and reform this vital Institution.

I appreciate the opportunity to speak here today and look forward to hearing the testimony from the members on the panel. Thank you.